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Summary Information - PBPM Process Maps

The PBPM process provides an overall framework and annual cycle for NRC management processes and was designed using lessons learned from other public and private organizations facing the challenge of becoming more performance based. The processes are organized into four key management phases and supporting sub-processes. Each phase and sub process results in outputs upon which subsequent phases are dependent. The two tables below show the sub-processes involved for each of the four management phases for the PBPM process (1) as implemented by NRC in its first year of operation and (2) with the changes recommended by Arthur Andersen

PBPM Process as Implemented by NRC

NRC faced significant challenges in its first year of implementing the PBPM process as a result of changes in the external environment and related questions raised during the appropriations process that created uncertainty about NRC's future direction and the budget. As a result, Commission approval of key planning documents and guidance expected to occur before the start of budget development either occurred very late in the process or was never completed.

<i>Phase One: Setting the Strategic Direction</i>	<i>Phase Two: Determining Resources and Planned Accomplishments</i>	<i>Phase Three: Measuring and Monitoring Performance</i>	<i>Phase Four: Assessing Performance</i>
<ul style="list-style-type: none"> ➤ Strategic and Performance Planning ➤ Establish Policy and Program Guidance ➤ Establish Planning Assumptions 	<ul style="list-style-type: none"> ➤ Establish Fiscal Guidance ➤ Budget Development ➤ Develop Operating Plan 	<ul style="list-style-type: none"> ➤ Operating Plan Quarterly Update 	<ul style="list-style-type: none"> ➤ Self Assessments ➤ Program Reviews ➤ Top-Down Management Review

PBPM Process with Arthur Andersen Recommendations

Arthur Andersen recommendations for process improvements would increase involvement of the commission, EC, and other top managers in up-front planning. Intensive budget development and review would be reduced. Routine performance reports would enhance the ability of top managers to monitor performance.

<i>Phase One: Setting the Strategic Direction</i>	<i>Phase Two: Determining Resources and Planned Accomplishments</i>	<i>Phase Three: Measuring and Monitoring Performance</i>	<i>Phase Four: Assessing Performance</i>
<ul style="list-style-type: none"> ➤ Strategic and 	<ul style="list-style-type: none"> ➤ Strategic Budget 	<ul style="list-style-type: none"> ➤ Ongoing Review of 	<ul style="list-style-type: none"> ➤ Strategic

<p>Performance Planning</p> <ul style="list-style-type: none"> ➤ Integrated Top-Down Planning for the Performance Plan and Strategic Budget Allocation 	<p>Development</p>	<p>Performance by Accountable Managers</p> <ul style="list-style-type: none"> ➤ Quarterly Review of Performance by the EC ➤ Semi-Annual Meetings with the Commission 	<p>Performance Assessment performed (need identified in plans)</p>
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Effect of Arthur Andersen Recommended Changes on the PBPM Process

As shown in the above tables and discussed in detail in the Executive Summary and briefing report, Arthur Andersen's recommendations would maintain the four phase framework put in place by PBPM, while making changes to the sub processes and the supporting activities in each of the four phases:

Setting the Strategic Direction (Planning)

- More emphasis and top management involvement occurs up-front to define strategic goals and outcomes including an integrated effort by line managers to define program strategies and clearly linked outcomes down to the program operating level.
- Supporting efforts to develop Policy and Program Guidance and Planing Assumptions are no longer needed.
- Operating Plans are completed during the planning phase

Determining Resources and Planned Accomplishments (Budgeting)

- The budget becomes a strategic allocation of resources to achieve outcomes that flow naturally from planning efforts.
- The need for detailed budget review is reduced.

Measuring and Monitoring Performance

- Agency alignment around outcomes provides the basis for routine performance reporting.
- Performance management reviews are scheduled using the routine performance management reports.

Assessing Performance

- Performance assessments would be focussed on the vital few opportunities for improvement.

- On-going review and adjustment to meet performance outcomes would occur at the operating level

Methodology

The data collected for the assessment of the PBPM process solidified our understanding of NRC's current internal and external environment. The PBPM assessment team used this knowledge to deciding where best to focus further effort, and leverage firm resources to perform the analysis and make recommendations. To achieve this understanding, we conducted extensive research regarding the Government Performance and Results Act (GPRA); and GAO, OMB, and congressional assessment of Strategic and Performance Planning in Government Agencies. In order to gain additional insight, interviews were conducted with OMB, GAO, and the NRC OIG.

Arthur Andersen conducted meetings with key personnel and senior management from each office of NRC, and items such as the NRC Strategic Plan, the Performance Plan, Budget, and other documents relating to the PBPM process were collected and reviewed. In order to further our understanding of the internal environment, Arthur Andersen also has worked with the OCFO, and other NRC personnel to develop detailed maps of each of the four phases and sub process within the PBPM process. This effort culminated in a group validation session at which we reviewed, at a high level, the process to better understand the sequence of events, and the interrelationships of the various stages in the process.

During the course of the analysis, Arthur Andersen considered both NRC input regarding the agencies goals for PBPM, as well as research using our *Global Best Practices Knowledgebase™*. Activities were identified where opportunities for process improvements that increased efficiency and effectiveness existed or best practices suggested an alternate approach.

Process Comparisons

The planning and budgeting phases of the PBPM process encompass the detailed process activity that is most susceptible to process mapping. Each of these two phases involve numerous activities and revisions to produce approved agency plans and budgets.¹

The following tables summarize key information regarding the planning and budgeting phases and their sub-processes including the inputs, outputs and number of steps for each sub-process for the PBPM process (1) as implemented by NRC in the first year and as recommended by Arthur Andersen. As the summary tables show, a number of sub-processes are different, the number of inputs and outputs for sub processes also change, and the number of process steps for the two phases are reduced significantly.

For each of the two phases - - planning and budgeting - - the summary table is immediately followed by detailed process maps of each phase (1) as implemented by NRC and (2) as recommended by Arthur Andersen. These maps are prepared at similar level of detail that facilitates comparison

For the PBPM process as implemented by NRC, more detailed step-by step process maps are provided in the section titled *Detailed Maps of NRC Implemented Sub-Processes*. These maps are necessary to provide complete information that corresponds to the implemented process shown in the summary table. Some of the steps were combined in the comparative maps. Many of these detailed steps would be eliminated in the PBPM process as revised to incorporate Arthur Andersen recommendations.

¹ The two other PBPM process phases including *Measuring and Monitoring Performance* and *Assessing Performance* do not involve the level of detailed process activity required for the planning and budgeting phases of the process. Moreover, Changes recommended by Arthur Andersen would result in the planning phases establishing the framework within which the performance measurement and performance assessment would occur.

Summary Tables: Implemented Process

Setting the Strategic Direction

Sub-Process	Inputs	# of Steps	Outputs
<i>Update the Strategic Goals and Objectives</i>	1. OCFO, EC, Commission Guidance 2. Stakeholder Input	28	1. Recommended changes to the Strategic and Performance Plan
<i>Establish Policy and Program Guidance</i>	1. Draft Strategic Goals 2. CFO Guidance	8	1. Policy and Program Guidance
<i>Establish Planning Assumptions</i>	1. Draft Strategic Goals 2. Comments From Analysts 3. Program Office Communication with Licensees	12	1. Planning Assumptions

Determining Resources and Planned

Accomplishments

Sub-Process	Inputs	# of Steps	Outputs
<i>Develop Fiscal Guidance</i>	1. Policy and Program Guidance (EC endorsed) 2. Planning Assumptions(EC endorsed)	7	1. Fiscal Guidance
<i>Develop Budget</i>	1. Policy and Program Guidance(EC endorsed) 2. Planning Assumptions(EC endorsed)	32	1. Budget

<i>Develop Annual Operating Plan²</i>	<ol style="list-style-type: none"> 1. Output measures in the draft performance plan for the upcoming fiscal year. 2. Changes to planned accomplishments resources and assumptions in the internal budget for the upcoming FY. 3. Agency tracking system data (tasks and milestones) 	6	1. Operating Plan
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² As Operating Plan Development is proposed to occur during planning in the recommended process it is not included in the *Implemented Process* map. A detailed map of the process as implemented appears in the *Detailed Maps of Implemented Sub Processes* section

Summary Tables: Recommended Process

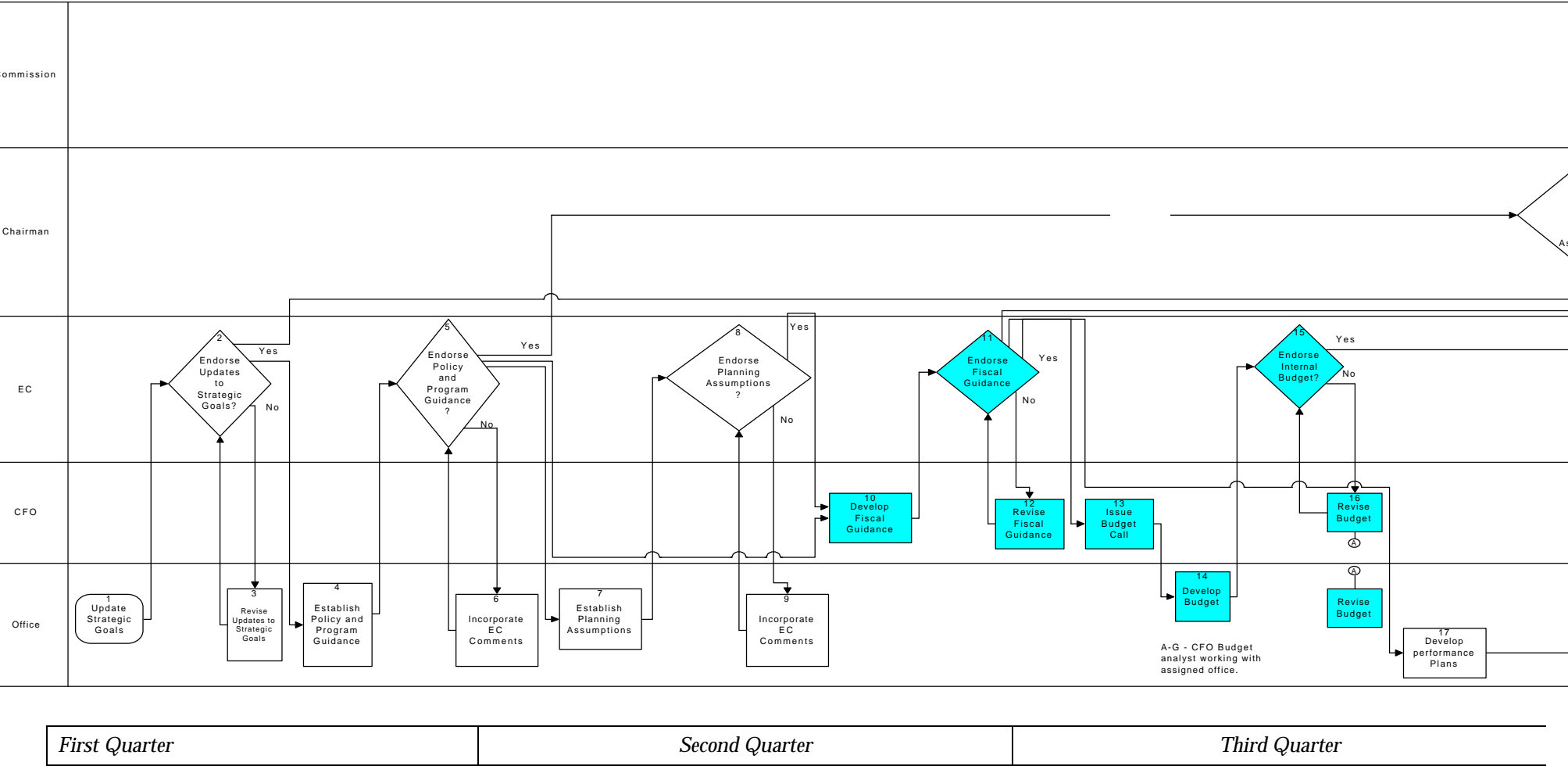
Setting the Strategic Direction

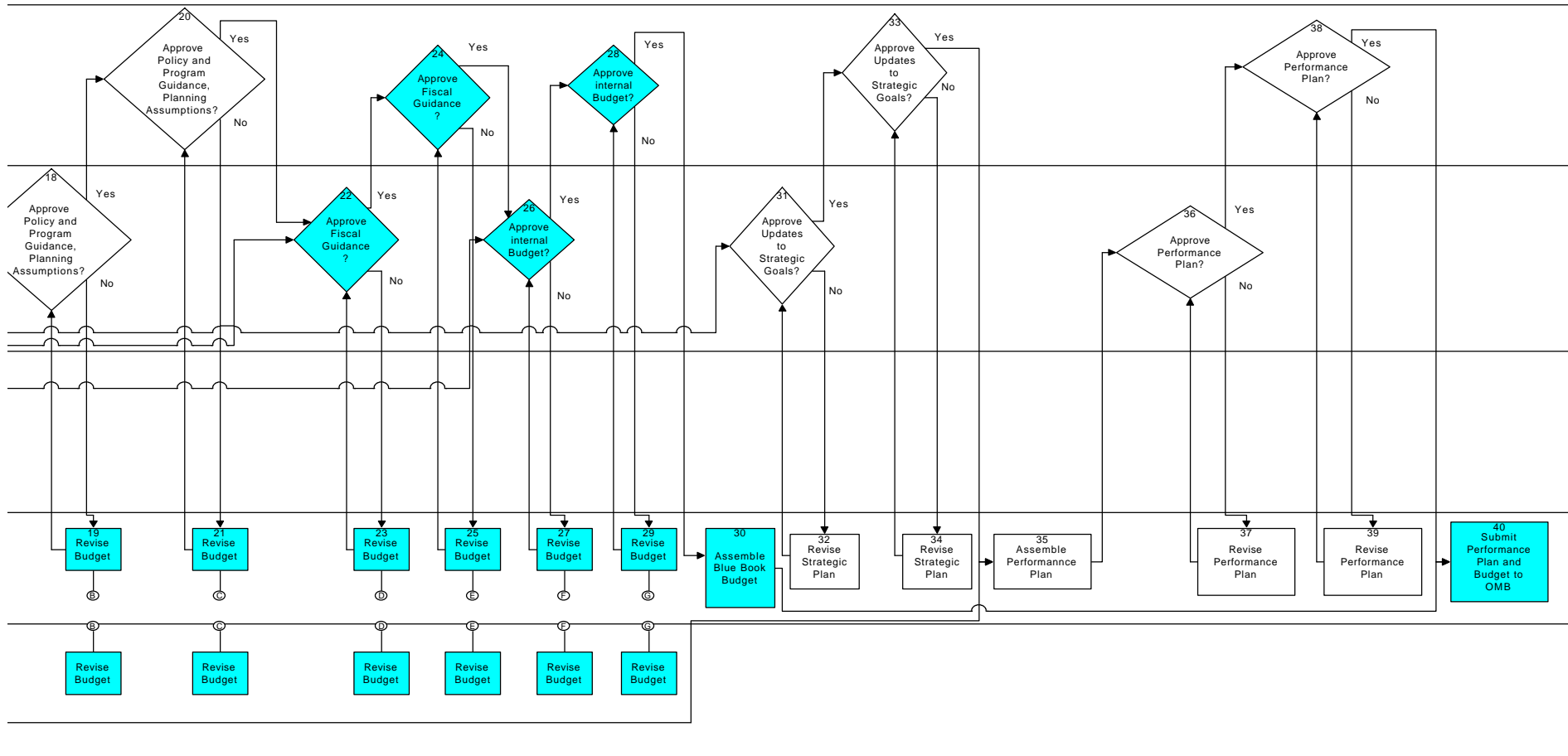
Sub-Process	Inputs	# of Steps	Outputs
<i>Update the Strategic goals and Objectives</i>	<ol style="list-style-type: none"> Chairman and Commission input Performance Results, Budget v. Actual SWOT Analysis(Strengths, Weaknesses, Opportunities, Threats) Performance Assessment Results 	12	<ol style="list-style-type: none"> Recommended changes to the Strategic/Performance Plan Planning and Budget Guidance High Level Resource Allocation
<i>Integrated Top-Down Planning for Performance Plan and Strategic Budget Allocation</i>	<ol style="list-style-type: none"> Strategic Direction Planning and Budget Guidance High Level Resource Allocation 	10	<ol style="list-style-type: none"> Strategies and Outcome Measures that Support Strategic Goals Strategic Resource Allocation to strategies and outcomes Performance Plan Framework for Operating Plan
<i>Operating Plan Development</i>	<ol style="list-style-type: none"> Strategies and Outcome Measures that Support Strategic Goals Strategic Resource Allocation to strategies and outcomes Performance Plan Framework for Operating Plan 	NA	<ol style="list-style-type: none"> Operating Plan Strategies and Supporting Measures

Determining Resources and Planned Accomplishments

Sub-Process	Inputs	# of Steps	Outputs
<i>Strategic Budget Development</i>	<ol style="list-style-type: none"> Strategic Budget Allocation Guidance 	10	<ol style="list-style-type: none"> Performance Based Budget

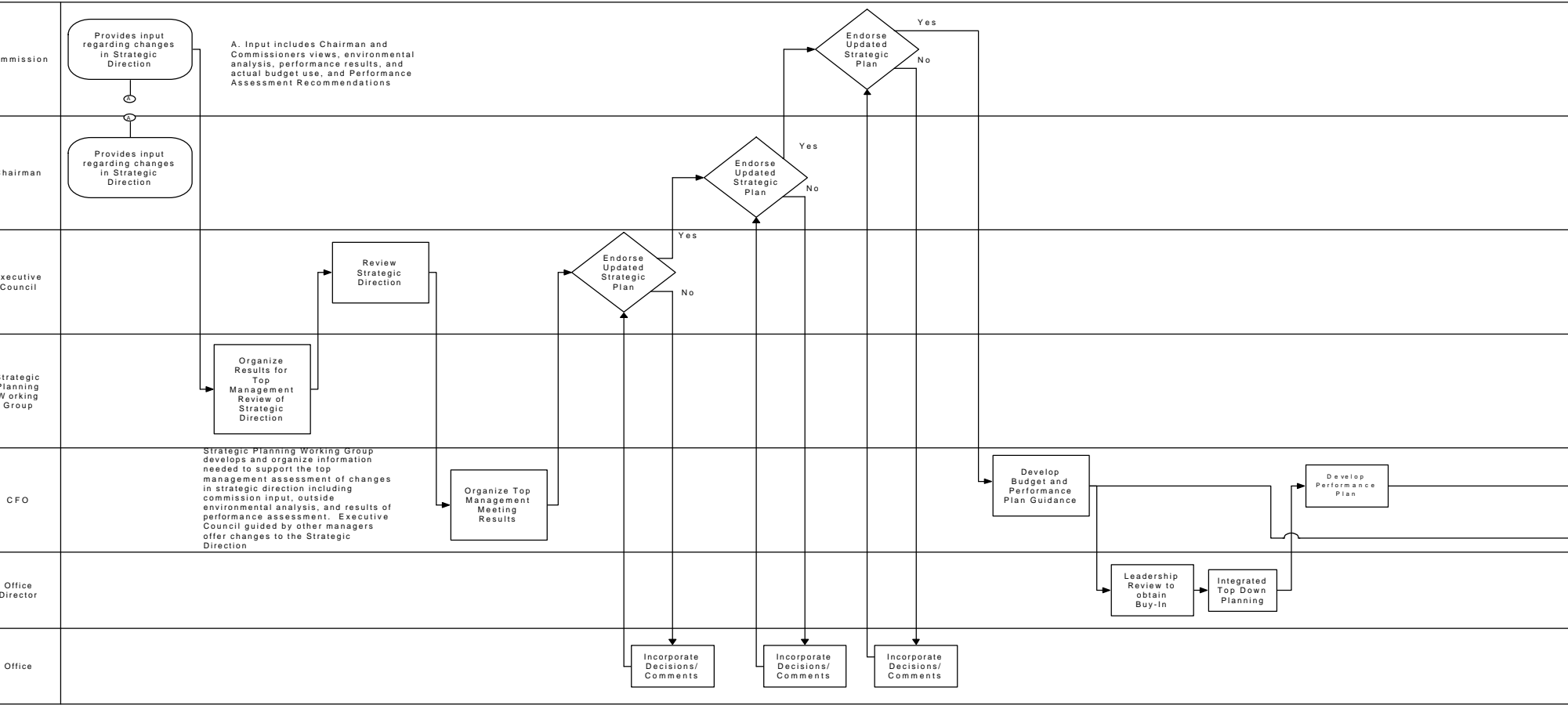
Overview of NRC Implemented Process





Fourth Quarter

Overview of Arthur Andersen Recommended Process





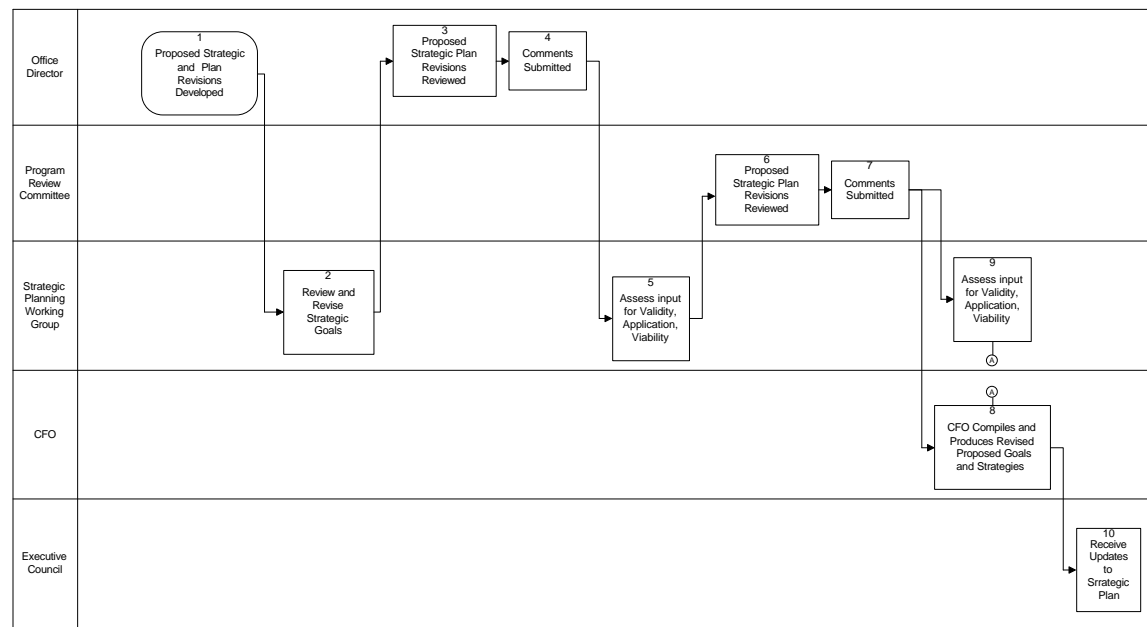
Detailed Maps of NRC Implemented Sub-Processes

During the course of the assessment it was necessary to gain a detailed understanding of the sub-processes associated with the first year of PBPM implementation at NRC. The process maps in this section include maps of planning and budgeting sub processes that were analyzed for opportunities for increased process efficiency. The maps provide the detail regarding steps that are consolidated in maps of the implemented processes in the Process Comparison section.

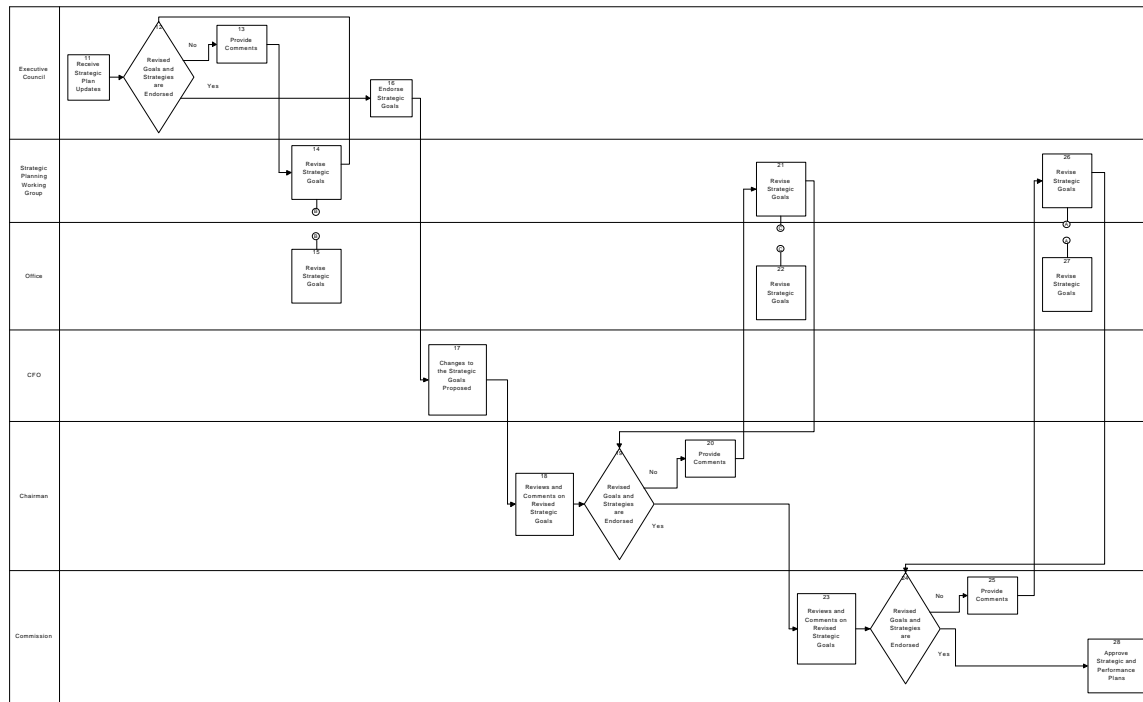
Sub-Processes Associated with Setting the Strategic Direction as Implemented by NRC

Update the Strategic Goals and Objectives

Steps 1-3



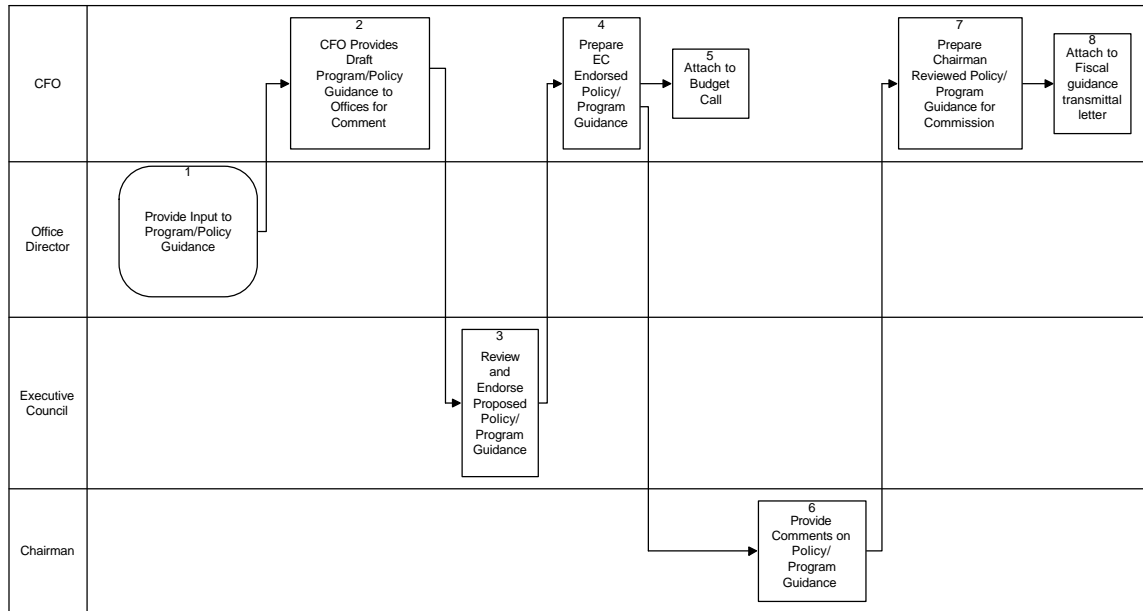
A. Simultaneous Task



Steps 29-32

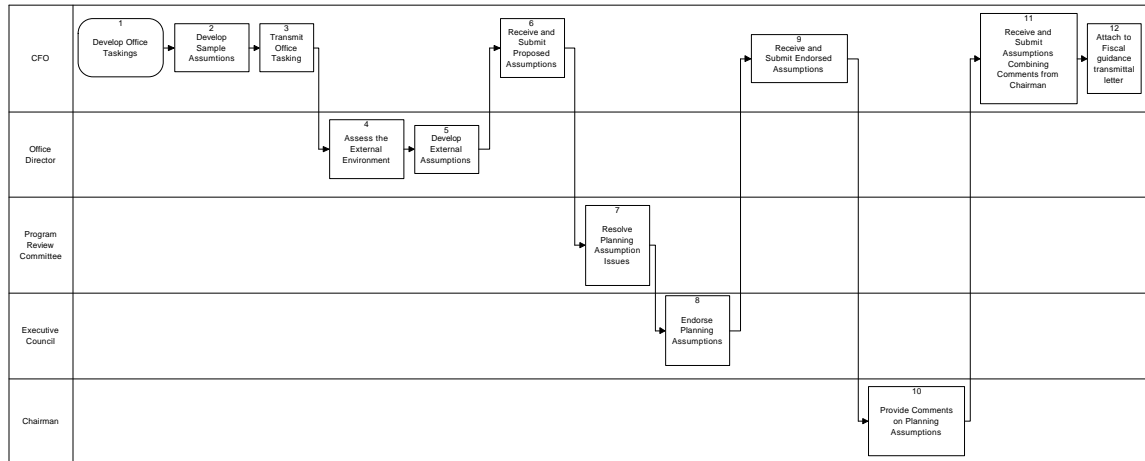
Establish Policy and Program Guidance

Steps 4-6 and 18-20



Establish Planning Assumptions

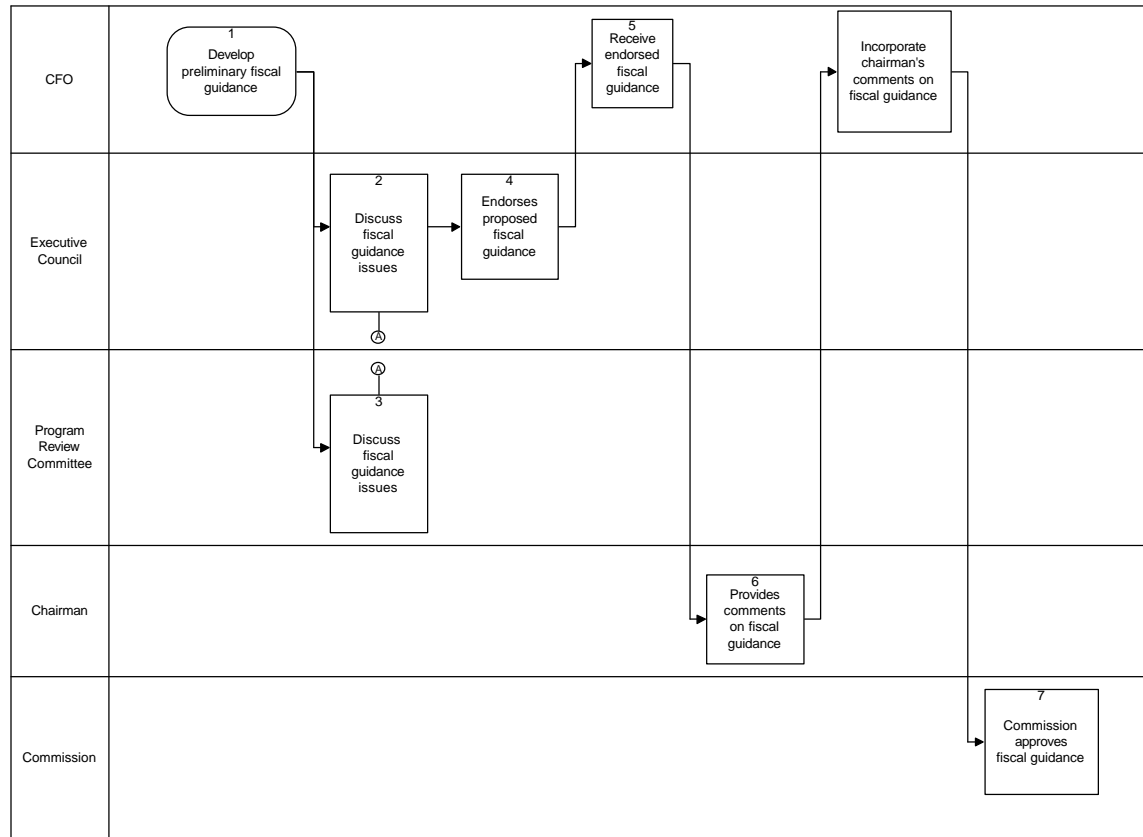
Steps 7-9 and 18-20



Sub-Processes Associated with Determining Resources and Planned Accomplishments as Implemented by NRC

Develop Fiscal Guidance

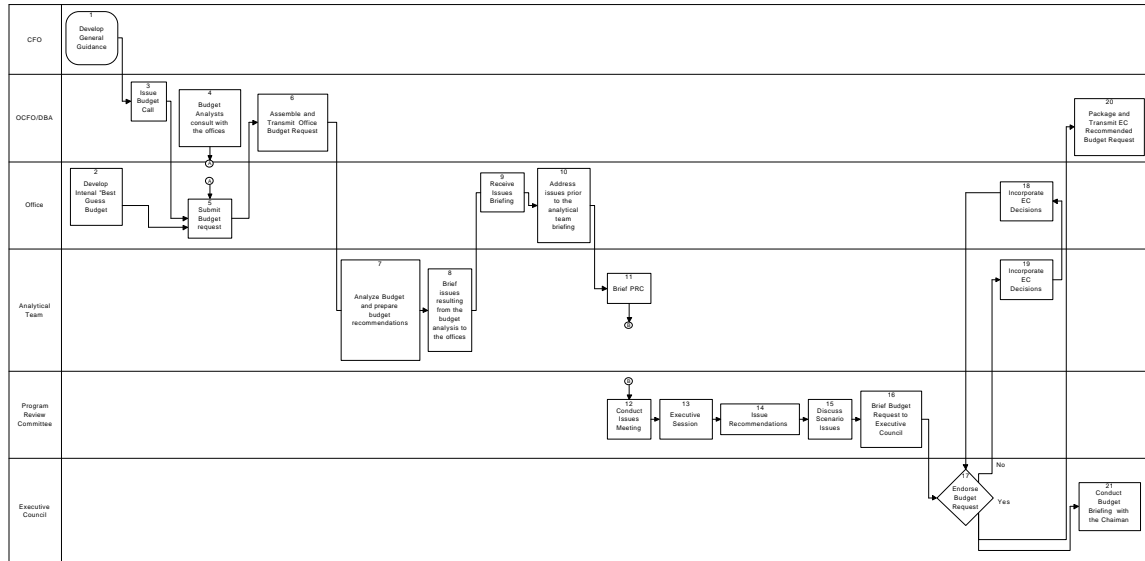
10-12 and 22-23



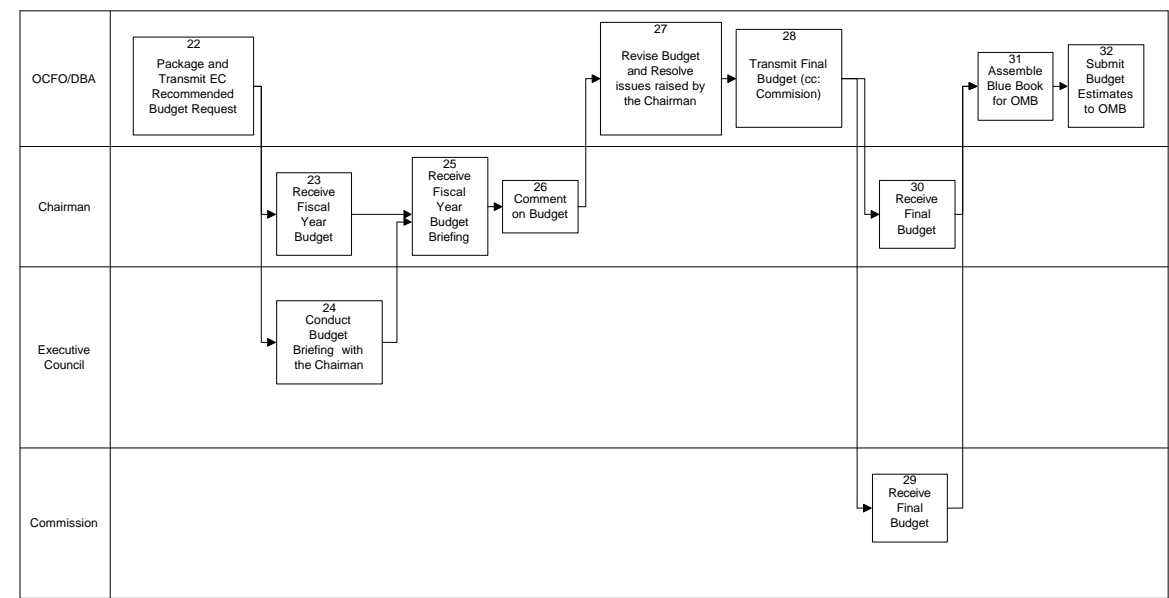
A. Simultaneous Task

Develop Budget

Steps 14-16



Steps 25-28



Develop Annual Operating Plan

